

May 8, 2006

SCHAKOWSKY CALLS ON COMMITTEE TO REBATE RECORD OIL COMPANY PROFITS TO CONSUMERS

WASHINGTON, DC - U.S. Representative Jan Schakowsky today called on the House Energy and Commerce Committee to take immediate action to bring gasoline prices down by enacting a windfall profits tax at a hearing on gasoline price and supply.

Representative Schakowsky's opening statement is below:

Thank you Mr. Chairman for holding today's hearing on gasoline prices. Seven in ten American families believe that gas prices will cause them financial hardship this year. I hope that we can use this hearing to develop immediate plans to bring prices down before the summer driving season begins.

Not everyone is a loser in this energy prices crisis. Not everyone in America is suffering. For oil companies, friends of the two oilmen in the White House, President Bush and VP Cheney, this crisis is a bonanza, and the American people know it. At over \$25 billion, Exxon Mobil reported the highest profit of any company in any year in history in 2004, then beat its own record in 2005 with a \$36 billion record. This quarter, Exxon Mobil reported a 7% increase in profits over last year's first quarter. It's certainly not a crisis, for Exxon Mobil's former CEO, who is retiring with a \$400 million retirement package.

Our economy, however, is suffering. A recent Wall Street Journal headline declared: Fuel Prices Keep Economic Growth in Limbo, reducing our total GDP by 0.7%. Last Friday, I met with small business owners in Chicago to discuss how rising gasoline prices were crippling their businesses. I spoke with a restaurant owner who has been forced to charge more for delivery and to cut his distribution area, at the same time as his food suppliers have added a transportation fee for their services. He has lost some business and upset loyal customers. Those people are feeling the pain and making the sacrifice. The only ones, from whom nothing has been asked at all, are the oil companies. Instead, the oil companies are being lavished with benefits and environmental exemptions. In the last energy bill, we gave them \$11.6 billion in subsidies - a bill that even the EIA could raise oil prices. It has.

Between 2004-5, refineries marked up their prices 255%, while gasoline retailers marked them up by 5%. In the 1990s, the American Petroleum Institute encouraged oil companies to decrease refining capacity in order to increase profits. We have legislation sponsored by Representatives Dingell and Boucher, which would create a strategic refinery reserve that was rejected by this Committee.

There are things we can do. Senator Durbin is the sponsor of the Windfall Profits Tax Act which would enact a 50% windfall profits tax on all profits above the base price of \$40 for a barrel of oil, adjusted for inflation. The revenue collected would be rebated to consumers. We could do it

now.

These hearings are important, but what we really need is relief at the pump.